

MINUTES  
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION  
Finance and Facilities Committee Meeting  
May 5, 2005  
9:00 a.m.  
CHE Conference Room

CHE Members Present

Ms. Rosemary Byerly, Chair  
Mr. Larry Durham  
Dr. Douglas Forbes  
Mr. Jim Konduros  
Mr. Jim Sanders

Ms. Star Kepner  
Mr. Scott Ludlow  
Mr. Charles Shawver  
Mr. John Smalls  
Mr. Andre Tanner

Staff Present

Guests Present

Mr. Bill Bragdon  
Ms. Donna Collins  
Dr. Anthony Coyne  
Ms. Alyson Goff  
Mr. Craig Hess

Ms. Camille Brown  
Mr. Tony Brown  
Dr. Lynn Kelly  
Ms. Lynn Metcalf  
Ms. Jan Stewart

For the record, notification of the meeting was made to the public as required by the Freedom of Information Act.

Ms. Byerly, chair of the Committee on Finance and Facilities, called the meeting to order and reported on the following matters:

**I. Approval of Minutes of Meeting on April 7, 2005**

Since there were no additions or corrections to the Minutes of the meeting on April 7, 2005, the minutes were approved as written.

**II. Consideration of Interim Capital Projects**

**Descriptions of Interim Capital Projects**

**Lander**

New Campus Entrance Blvd. Constr. (previous budget = \$1,066,436)	\$ 863,564	-increase/revise scope/ change source of funds
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Source of Funds:	\$ 185,187	-appro.funds
	287,282	-Greenwood CTC <sup>1</sup>
	287,282	- DOT <sup>2</sup> match
	53,813	-institutional funds
	<u>50,000</u>	-parking fees
	\$ 863,564	

#### Description

Construction of a new campus entrance boulevard was approved as part of Lander's 2003 Comprehensive Permanent Improvement Plan. The project was established in October of 2003. The project is expected to be completed by September of 2005. This request is to increase the budget and amend the source of funds to include the receipt of \$287,282 from Greenwood CTC and a matching amount from DOT federal matching funds. The scope of the project also needs to be revised to include an engineering analysis and design of a campus-wide storm-water master plan. The need for the storm-water master plan was discovered during the design of the entrance boulevard.

The storm-water provisions required by the entrance project have increased the cost of the project substantially. The low bid for project construction came to about 20 percent higher than originally estimated for the entrance project alone, and additional contingencies are required for construction and inspections. The requested increase is to account for these expenses and the additional professional services related to the storm-water master plan.

#### Recommendation

Staff recommends approval of this project as proposed.

#### **Lander**

##### Student Center Facility

Construction/Renovation (previous budget \$3,000,000)	\$ 1,500,000	-increase/change source of funds
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Source of funds:	\$ 900,000	-institutional funds
	<u>600,000</u>	-Aramark Food Services
	\$ 1,500,000	

#### Description

Lander received \$3 million of a requested \$8 million for the renovation of the Grier Student Center and the construction of additional space for student affairs in the 2000 Capital Improvement Bond (CIB) Bill. The institution has received no additional funding from the state since that time. Lander requests approval to increase the budget by adding institutional and food service funds in order complete the renovation part of the project.

The renovation project will include replacing the roof systems on Grier Student Center and the adjoining Cultural Center. The two facilities are connected through the room system. The roof systems have failed and water intrusion is severe. The re-roofing will include removing the entire roof system to include permitted precautions for asbestos abatement and disposal. There is substantial roof decking that must be replaced due to severe corrosion. A modified bitumen roof system will be installed, the skylight systems will be replaced, and accommodations for new roof penetrations and curbing will be constructed.

<sup>1</sup> Greenwood County Transportation Committee

<sup>2</sup> Department of Transportation

There is substantial settling along the building perimeter. Engineering investigations have determined that the foundation and footer settling is contributing to the cracking of the dining hall floor and the cracking in the brick veneer of the building. Micro-pile technology will be implemented for all exterior column footers of the Dining Hall. The dining room's concrete floor will be demolished, along with existing patio surfaces and concrete stairs (where pedestrian traffic is now prohibited). Renovation of the dining hall will include new flooring, lighting, furniture, décor and serving stations. Lander is working closely with Aramark, the food service provider, to provide resources for the interior renovation. During the renovation, the HVAC<sup>3</sup> and electrical utility systems will be expanded, and several restrooms will be retrofitted to conform to ADA<sup>4</sup> standards. Once the corrective maintenance and renovation is complete, the budget may be increased to provide additional dining hall seating for students.

#### Recommendation

Staff recommends approval of this project as proposed.

#### **Lander University**

Renovation of Lide Student Housing

Center Complex

\$ 2,750,000 -establish project

Source of funds:

\$ 2,750,000 -state institution bonds (debt serviced by housing revenue)

#### Discussion

Lander purchased the Lide Student Housing Complex in 1984. It consists of five buildings and a laundry totaling 43,640 square feet (SF) of interior floor space. The buildings have three stories and are constructed of wood stud framing and siding. The complex provides a total of 240 beds.

The buildings that make up this complex are in need of a complete renovation. The complex needs a sprinkler system as well as a new fire alarm system that meets the campus standard. Replacement of HVAC systems, windows, carpet, appliances, exterior siding and stairs, and repairs to doors, hardware and ventilation systems are needed. New furniture, updated signage, and surveillance systems will be installed.

#### Recommendation

Staff recommends approval of this project as proposed.

#### **SC State University**

Student Housing Apartments Constr.  
(previous budget \$36,155,217)

\$ 5,844,783 -increase

Source of Funds:

\$ 5,844,783 -revenue bonds (USDE<sup>5</sup>)

#### Discussion

SC State requests approval to increase the budget of this project by \$5.8 million. CHE approved this project with an initial \$25 million in July of 2004. An additional \$11.2 million was approved in August 2004. The funds are proceeds from a loan of approximately \$45 million, obtained as a long-term, fixed-rate bond. The bond is issued by the Commerce Capital Access

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<sup>3</sup> Heating, Ventilation, Air Conditioning.

<sup>4</sup> Americans with Disabilities Act

<sup>5</sup> US Department of Education

Program through the USDE, with a Guarantee to the Federal Financing Bank (FFB). In the past, the process has been used to fund capital projects for private historically Black colleges and universities (HBCUs). SC State is the first public HBCU to participate in the program. SC State has received permission to participate in the loan program from the State Treasurer's Office and has sufficient housing revenues to service the debt.

SC State has a desperate need for new and replacement student housing on the campus. The institution currently has a capacity of 1,900 beds. Many of the housing units are dormitory style with common showers. Student surveys reveal a need for two- and four-bedroom apartments with two bathrooms. An average of 50 percent of the undergraduate students live in on-campus housing, and State was short approximately 300 beds in 2003. Undergraduate enrollment increased by 3.3 percent from fall 2003 to fall 2004 making the shortage even greater. The construction of the new apartment style housing will provide an additional 784 beds.

This increase reflects full funding for the project including professional service fees, equipment and/or materials, site development, new construction (271,168 gross SF), bond issue costs, insurance and contingency. The expected total cost will be approximately \$42 million. A copy of the bond agreement is on file at CHE.

#### Recommendation

Staff recommends approval of this project as proposed.

It was moved (Sanders), seconded (Durham), and voted to approve the above recommendations.

### **III. Brief Information Session on Comprehensive Permanent Improvement Process (CPIP)**

Ms. Metcalf explained the CPIP process for Years 1-5 of the Plan. (Attachment)

### **IV. Other Business**

Ms. Metcalf stated that the Facilities Advisory Committee's subcommittee will be at the next Finance and Facilities Committee to discuss the statewide capital project rating.

Ms. Byerly stated the Committee will meet on Wednesday, May 18 at 10:00 a.m. to consider CPIP and performance indicators.

There being no other business, the meeting was adjourned at 10:05 a.m.

Respectfully submitted,

Janet K. Stewart  
Recorder

## Comprehensive Permanent Improvement Plans (CPIP)

### What is the CPIP?

- The CPIP is a planning document required by the Budget and Control Board (B&CB).
- It represents an institution's plan for physical facilities for a five-year period. This year's CPIP includes FY 2005-2006 through 2009-2010.
- It allows for the one-time approval of all expected capital expenditures for Year 1 (2005-2006). Once approved CPIP projects may be executed by the staff without additional approval throughout the year, providing there are no substantive changes to the project.
- It gives the B&CB, the Commission on Higher Education (CHE), and the Joint Bond Review Board (JBRC)<sup>6</sup> a chance to review the permanent improvement requests and overall plans of the institutions.

### What is the definition of a Permanent Improvement?

- A permanent improvement (also called a capital improvement) project is defined as new construction or work on an existing facility where the total cost of all work is \$100,000 or more;
- An acquisition of land, regardless of cost;
- Acquisition, as opposed to construction, of buildings or other structures, regardless of cost;
- A capital lease-purchase of a facility;
- Equipment that becomes a permanent part of a project or is included in the construction contract of a project;
- Any project that has been appropriated capital improvement bond funds, capital reserve funds, specifically appropriated funds, or authorized by the General Assembly for capital improvements, becomes a project regardless of the amount.

### What is included in the CPIP?

Each institution's CPIP includes:

- A description of the overall condition and adequacy of existing facilities;
- The institution's approach to maintaining existing facilities;
- A description of any needs for deferred maintenance, facility replacement and additions; and
- The overall theme of the five-year plan.

Institutions use CHE's annual update of the deferred maintenance study to describe deferred maintenance needs for Educational and General (E&G)<sup>7</sup> facilities. The overall theme of an institution's CPIP is expected to be in line with its approved institutional mission and its campus facilities master plan.

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<sup>6</sup> The JBRC is a legislative Committee consisting of members of the house ways and means and senate finance committees. Senator Leatherman is the current chair of the Committee.

<sup>7</sup> E&G facilities are those facilities for which the state is responsible for maintenance. This category does not include Auxiliary Facilities such as book stores, dormitories, food service, certain athletic facilities, etc. Auxiliary Facilities are required by law to be self-supporting.

#### Year 1 of the CPIP – 2005-2006

- Year 1 includes all of the projects expected to be implemented with funds already available to the institution, or that the institution can reasonably expect to be available during the coming year;
- No funding requests are allowed in Year 1;
- Projects for which funds become available after CPIP approval, emergencies, and unanticipated needs not included in the CPIP may be requested as interim capital projects (ICP).
- When an institution is ready to initiate a project approved in Year 1 a form requesting approval to initiate the project is required to be submitted to CHE staff on the same form as required by an ICP.
- Every project initiated by an institution is required to be submitted on a standard B&CB form whether it has been approved as a CPIP or not.
- Staff uses the forms to determine if an approved CPIP has undergone a substantive change or not. If substantive changes have occurred, the staff will not execute the project but will bring it through the entire approval process as if it were an interim project.
- We will be bringing all of the Year 1 CPIP projects to the Committee for approval at its meeting on May 18, 2005.

Institutions are including fewer projects in Year 1 because of budget constraints. Most institutions are unable to predict whether or when funds will become available during the coming year. A lot of the projects that might have been in Year 1 in the past are now submitted as ICPs instead.

#### Year 2 CPIP – 2006-2007

- Projects in Year 2 represent the institution's requests for Capital Improvement Bond (CIB) funds for the 2006-2007 fiscal year.
- Year 2 projects will be included for information only in the meeting material for May 18 but will not be considered until fall.
- CHE staff and B&CB staff visit each institution to review the projects requested in Year 2. These visits are currently in process and will continue through May.
- A list of questions is used for each project in order to standardize the process and to ensure that each project receives a thorough review.
- The review is used to determine if:
  1. The project is consistent with an institution's mission;
  2. How the cost estimate was calculated;
  3. Who the project will serve (students, faculty, staff, other);
  4. Any health or safety issues that will be addressed in the project;
  5. How much deferred maintenance will be eliminated with the project; and
  6. If the proposed project is the most efficient way to deal with the problem.
- Projects in Year 2 are reviewed by staff against a set of approved criteria and given a score.
- Year 2 projects will be considered individually by CHE in the fall prior to submission to the Legislature.
- The projects will be submitted to the Governor and the Legislature by CHE on behalf of the institutions as part of the annual budget submission.

- If a bond bill is funded 2006-07, the Year 2 projects approved by CHE will be considered by the Legislature in their decision to allocate CIB funds.
- Lander's Student Center Facility Construction, which was in your material today, originally began as a Year 2 CIP request and received partial funding of \$3 million in the 2000 Bond Bill.

#### CIB Funding for Colleges and Universities Since 1984

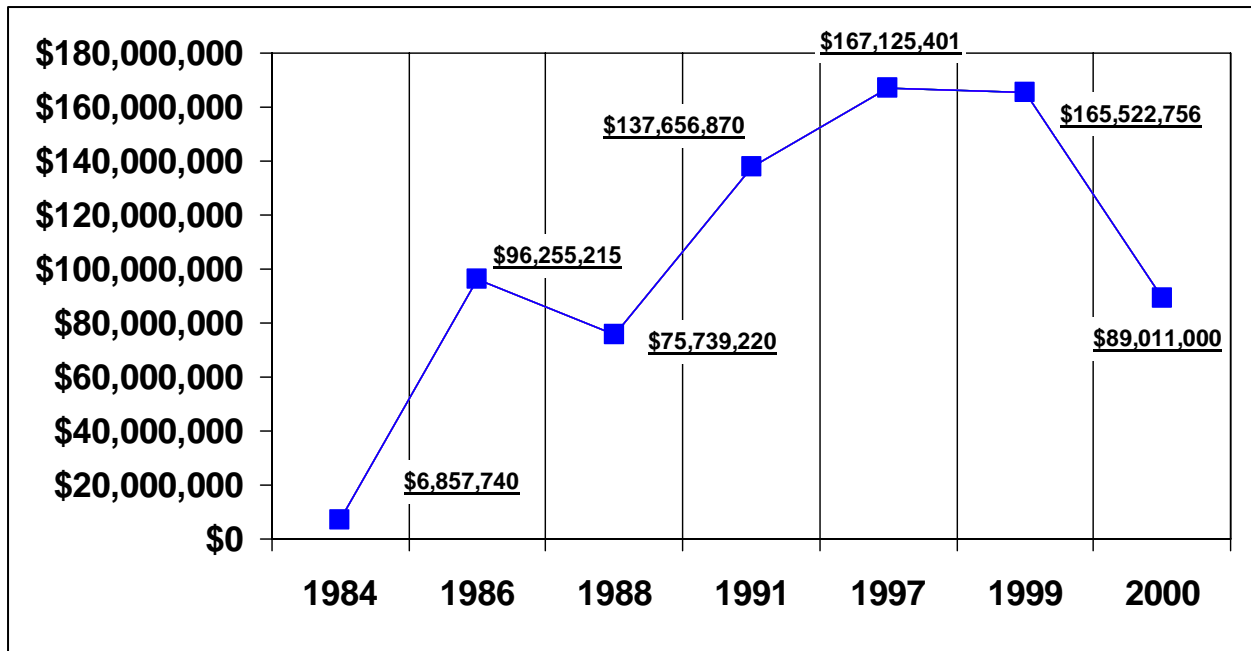
The cumulative amount of CIB funding received by the colleges and universities for the past 20 years is approximately \$740 million. It ranges from a low of \$6.9 million in 1984 to a high of \$167.1 million in 1997, and down to \$89 million in 2000, the most recent bond bill (*Figure 1*).

#### Capital Improvement Bond Funding

*Figure 1*

#### Years 3, 4, and 5

Years 3, 4, and 5 of the CIP represent the institutions' proposed long-term plans for their campuses.



These items are estimates and may change annually as projects are funded and institutional priorities change. A summary listing of these projects will be included with the meeting material on May 18. The projects for Years 3, 4, and 5 are submitted for information only and do not require individual approval by CHE, JBRC, or B&CB.